

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

Special Attention:

NOTICE PIH 99-2 (HA)

Housing Agency Directors; Section 8 and
Public Housing Administrators;
Public Housing Field Office Directors;
Section 8 Financial Management Center

Issued: January 28, 1999

Expires: January 31, 2000

Subject: Reporting Requirements for the Multifamily Tenant Characteristics System
 (HUD Form 50058)

A. General Provisions

1. **Applicability:** This Notice applies to HAs administering public housing programs (low-rent “conventional”) or tenant-based Section 8 rental assistance programs (including the project-based certificate program).

2. **Purpose:** This Notice explains the requirement that all HAs that administer public housing or Section 8 tenant-based assistance programs must submit, on a timely basis, 100 percent of family records to HUD’s Multifamily Tenant Characteristics System (MTCS) as set forth by 24 CFR Part 908 and Notice PIH 98-30. Form HUD-50058 data must be submitted electronically to HUD for all current public housing and Section 8 families. The records must be accepted by MTCS to be considered successfully submitted. MTCS is the Department’s official system to track and account for public housing and Section 8 family characteristics and occupancy. Under the Consolidated Annual Contributions Contract (CACC) and HUD regulations, HAs are required to submit 100% of MTCS data (public housing and Section 8 family records) as required by HUD. To avoid sanctions under this Notice, the minimum acceptable reporting rate to MTCS is 85%.

The independent audit of the Department’s financial statements reported a material weakness in HUD’s control structure relating to MTCS reporting, due to substantial failure of HAs to comply with the reporting obligation. To clear this material weakness, it is essential that HUD and HAs ensure that the data within MTCS is current, complete, and accurate.

3. **Minimum Reporting Rate:** Effective upon the date of issuance of this Notice, HUD will make semi-annual determinations of the adequacy of MTCS reporting based on records submitted through June and December of each year.* All HAs must successfully submit a minimum of 85% of their resident records as shown by the MTCS reporting rate as of June 1999 and December 1999, and for each June and December thereafter, for both public housing and Section 8. The reporting rate is determined separately for public housing and Section 8. In accordance with the Notice, HUD will determine whether sanctions are to be imposed, based on reporting rates calculated for the end of each determination period.

HAs are responsible for monitoring their own performance. HUD updates reporting rates monthly, and these monthly updates are shown on both the Resident Characteristics Report (RCR) and the Delinquency Report. To reflect a current, accurate picture of public housing and Section 8 resident characteristics, both the RCR and the Delinquency Report will be based on family data submitted for the past 18 months. HUD maintains 18 months of data in MTCS to allow ample time for data processing of each annual reexamination. The RCR and Delinquency Report are accessible via the Internet on the MTCS web site (<http://www.hud.gov/pih/systems/mtcs/pihmtcs.html>). HAs may also contact their Field Offices to obtain their reporting rates.

As a starting point for the first six months of 1999, HAs that have not met the minimum 85% reporting rate as of February 1999 may seek forbearance from sanctions that are scheduled to be imposed starting in July 1999 (for failure to meet the June 85% minimum reporting rate). HUD may grant forbearance from sanctions for HAs that make a written forbearance request to their Field Office by April 15, 1999.

Forbearance requests must demonstrate how and when the HA will reach an acceptable reporting rate, as described in Sections B (2) and C (2) of this Notice. HAs that do not meet the minimum reporting requirements for January through June 1999 (and for all semi-annual periods thereafter) and do not submit a forbearance request will be subject to sanctions. Field offices will review and approve initial forbearance requests. HUD may extend the initial period of forbearance on a case-by-case basis for HAs that can demonstrate substantial progress in reporting toward the minimum acceptable rate of 85%.

* On-line reports for a given month are generally based on data received by last Friday of the month. Reports for a given month are made available early in the following month, usually within 10 calendar days.

B. Public Housing MTCS Reporting Requirements

1. **Sanctions:** To comply with the CACC and prevent potential default, HAs must furnish all required reports, including Form HUD-50058, as required by the CACC and HUD regulations. HAs that administer public housing programs and do not attain the minimum 85% reporting rate for the months of June and December may be subject to any appropriate remedial actions under the CACC or applicable regulations.

Further, since HUD currently relies upon MTCS data for program budgeting purposes, MTCS reporting rates may be taken into consideration for future funding distribution under the new housing legislation (*Quality Housing and Work Responsibility Act of 1998*). Deficient reporters could experience diminished funding due to poor MTCS substantiation of program needs and related requirements.

2. **Forbearance:** HAs that fail to meet the minimum 85% reporting rate may request forbearance from sanctions in writing from their respective Field Offices. The forbearance request must describe the reporting performance deficiency, explain problems encountered by the HA, identify specific steps to improve performance, and include measurable monthly goals for improving reporting performance. It must show that the HA plans to meet the minimum reporting rate for public housing by the next ending dates for semi-annual reporting assessments by HUD. The submission dates for forbearance requests are shown below.

	<u>Below 85% in:</u>	<u>Request Forbearance by:</u>
Initial Review	February 1999	April 15, 1999
Semi-Annual Period	June each year	August 15 each year
Semi-Annual Period	December each year	February 15 each year

HA progress toward meeting the minimum reporting rate will be monitored periodically by the Field Office. HAs that submit a written forbearance request but fail to attain the minimum reporting rate of 85% at the time of the next semi-annual determination are subject to a targeted review by HUD and possible default remedies under the CACC.

Approval of more than two forbearance requests is subject to review and concurrence by the Headquarters Office of Public and Assisted Housing Delivery. HAs that do not achieve 85% reporting and that request extended forbearance must demonstrate substantial progress in their MTCS reporting rate by achieving an improvement of at least 25 percentage points over their previous reporting rate.

C. Section 8 MTCS Reporting Requirements and Administrative Fee Penalty

1. **Sanctions:** An HA must furnish all required reports, including Form HUD-50058 as required by HUD regulations and the CACC. HAs that administer Section 8 tenant- based assistance programs (including the project-based certificate program) and do not attain the minimum 85% reporting rate for the months of June and December may be subject to any appropriate remedial actions.

HAs that fail to meet the 85% minimum reporting rate for Section 8 will incur a 10% reduction in on-going Section 8 administrative fees for each month of the semi-annual period that the minimum reporting rate is not attained (see 24 CFR, Section 982.152(d)). MTCS will provide HA performance data semi-annually to the Financial Management Center (FMC), which will reduce the administrative fee at year-end settlement for each month that the HA is deficient. If HUD decides to grant forbearance upon an HA's request in accordance with this Notice, the administrative fee will not be reduced. However, HUD may decide to reduce on-going administrative fees for a later violation of MTCS reporting requirements.

2. **Forbearance:** HAs that fail to meet the minimum reporting rate may request forbearance from sanctions in writing from their respective Field Offices. The request must include a written request for forbearance MTCS reporting deficiencies. The forbearance request must describe the reporting performance deficiency, explain problems encountered by the HA, identify specific steps to improve performance, and include measurable monthly goals for improving reporting performance. It must show that the HA plans to meet the minimum reporting rate by the next ending dates for semi-annual reporting assessments by HUD. The submission dates for forbearance requests are shown below:

	<u>Below 85% in:</u>	<u>Request Forbearance by:</u>
Initial Review	February 1999	April 15, 1999
Semi-Annual Period	June each year	August 15 each year
Semi-Annual Period	December each year	February 15 each year

HA progress toward meeting the minimum reporting rate will be monitored periodically by the Field Office. HAs that submit a written forbearance request but fail to attain the minimum reporting rate of 85% at the time of the next semi-annual determination are subject to a targeted review by HUD and possible reduction of administrative fees as determined by HUD.

Approval of more than two forbearance requests is subject to review and concurrence by the Headquarters Office of Public and Assisted Housing Delivery. HAs that do not achieve 85% reporting and that request extended forbearance must demonstrate substantial progress in their MTCS reporting rate by achieving an improvement of at least 25 percentage points over their previous reporting rate.

D. MTCS Reporting and SEMAP

When Section 8 Management Assistant Program (SEMAP) indicators go into effect, performance under six of the SEMAP indicators will be verified by data provided by the HA on Form HUD-50058 to MTCS. To assign a rating other than zero for any of the six indicators where performance is measured by MTCS data, the Department will require a reporting rate to MTCS of at least 85% of its participants.

E. Other Information

HAs are responsible for monitoring their own performance on a monthly basis. The RCR and many other useful MTCS reports are available to HAs electronically on HUD's MTCS Home Page. (<http://www.hud.gov/pih/systems/mtcs/pihmtcs.html>) On-line reports for a given month are based on generally data received by last Friday of the month. Reports for a given month are made available early in the following month, usually within 10 calendar days.

For further information, contact your Field Office. Extensive information about the MTCS system is available on HUD's MTCS Internet web site.

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Harold Lucas, Assistant Secretary for Public Housing